

INITIAL STATEMENT OF REASONS
Chapter 1, Article 2.3
Uniform Insurance Cards

SB 652, approved by the Governor on October 9, 1999, amended several sections of the Vehicle Code pertaining to Financial Responsibility. As amended, Section 4000.37 requires that insurance companies submit a form that has been approved by the department, but issued by the insurer. Section 4000.37 also provides exemptions to the requirements of this proposed regulation.

The proposed regulation would provide uniformity to the information that is currently being submitted by the various insurance companies. The objectives of the uniform insurance card are to maintain efficiency in the department's operation of the registration program, provide security against counterfeit production of the form, and minimize the impact of the financial responsibility requirement on the motoring public.

Each component of the department's insurance identification card, as designed, serves a necessary business purpose.

The department proposes to adopt new Section 82.00, Uniform Insurance Cards, in Title 13, Chapter 1, Article 2.3.

Form Layout

Subparagraph (a) explains the form layout. The purpose of the layout design is to provide a consistent reference point for relevant information, allowing employees of the department, law enforcement, and the courts to quickly review the card for necessary information. By having all insurance companies follow the same layout, the card can be easily recognized as valid evidence of financial responsibility regardless of the issuer, in much the same way all California Vehicle Registration Cards look alike, despite containing different information.

Form Content

The contents of the form have been determined by the requirements of Section 4000.37 of the California Vehicle Code. Each form shall be required to contain a statement that the policy complies with minimum insurance requirements of not less than \$15,000 for bodily injury to or death of one person in any one accident; \$30,000 for bodily injury to or death of two or more persons in any one accident; and not less than \$5,000 for property damage. These requirements are provided in Vehicle Code Sections 16056 and 16500. This requirement is expressed in subparagraph (b) (1).

For the purposes of identification, subparagraph (b) (2) requires the name of the insured and/or the vehicle owner covered by the policy be placed on the insurance card.

Vehicle Code Section 4000.37 requires each submitted form to include the vehicle identification number, the make and manufacture of the vehicle, the year model of the vehicle on the insurance certificate, the insurance policy number and effective dates of coverage, the name and address of the insurance company, and the insurance company's five digit National Association of Insurance Commissioners (NAIC) number. These requirements are repeated in the regulation in subparagraphs (b) (3) through (11).

Paper Specifications.

Specific requirements are being established for the paper used to produce this form. The paper specifications identified in subparagraph (c) have been set to provide uniformity between issuers and a guarantee of some degree of sturdiness to help the document survive up to a one-year life span, as well as provide paper that is strong enough to maintain its integrity while being processed by automatic mail machines.

Document Size

Subparagraph (d) discusses document size. Uniformity is necessary for the reasons outlined above. In addition, cards of this size and shape will make better use of existing equipment at the Department of Motor Vehicles. The card design is similar to the renewal forms used for vehicle registration, and will allow the registration process to remain unchanged. The department currently serves a renewal base in excess of twenty-five million vehicles annually, and cannot continue to do so at reasonable expenditure levels without the use of automation. The equipment must receive documents of a consistent size, with printed material in predictable, consistent locations, in order to perform properly.

Color Ink

Subparagraph (e) states the department's requirement that black ink be used for production of this form. Black ink is the least expensive and most easily read by automated equipment and the human eye.

Electronic Content

The information required in subparagraph (f) will protect against counterfeit documents and allow the department to use automated equipment to reliably determine evidence of financial responsibility has been presented in its proper form. Without an automation-ready scan line, virtually any attempt at recreation of the document by unscrupulous persons might be accepted.

To that end, the department is requiring that an electronic barcode be placed on the document at a precise location to permit accurate scanning by current department equipment. The location and information to be included are in subparagraph (f) (1) of this section.

Additional character and location specifications for alphanumeric information are identified in subparagraph (2), (2) (A), and (2) (B). In order to prevent

misinterpretation of the information by scanning equipment, the number of characters must remain consistent from each insurer. Therefore, specific field length and type font are required.

Subparagraph (3) provides the information that must be included within the alphanumeric field located at the bottom of each form. Subparagraphs (3) (A) - (E) give the insurer the exact information that is required.

Subparagraph (3) (F) will require the insurer to use the first three digits of the vehicle make. If the vehicle make is less than three positions, the insurer will be required to complete the three digits using the character "9". This is to ensure that all three spaces designated for the vehicle make are used.

Because subparagraph (3) (H) is a 30 character field that requires "0" be used to complete the 30 characters in the event the vehicle identification number is less than 30 characters, subparagraph (3) (G) is requiring the insurer to identify the number of characters that are actually being used for the identification number. This will allow the department to readily identify the point the "0" fills begin.

Subparagraph (3) (I) is in place to maintain the original 72-character count.

Subparagraph (3) (J) will be used to verify the authenticity of the form. The department will provide insurers with the appropriate algorithm to formulate the check digit. The algorithm will only be released to insurers so that the integrity of the check digit can be maintained.